

Message Text

CONFIDENTIAL

PAGE 01 LONDON 00244 01 OF 02 071928Z

44

ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 NEA-10 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 EB-11 COME-00 INT-08 SCEM-02 SCI-06

OMB-01 TRSE-00 CIEP-02 DRC-01 AF-10 IO-14 /179 W

----- 035491

R 071905Z JAN 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 6865

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 00244

E.O. 11652: GDS

TAGS: ENRG, UK

SUBJECT: BRITISH VIEWS ON SECRETARY'S PROPOSAL FOR
ENERGY ACTION GROUP

REF: LONDON 15015, OECD PARIS 33904

BEGIN SUMMARY: FCO OFFICIALS STRONGLY BELIEVE MAXIMUM
USE OF OECD FORUM SHOULD BE MADE IN TACKLING ENERGY
PROBLEM. IN GIVING DIPLOMATIC SUPPORT TO SECRETARY'S
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LONDON 00244 01 OF 02 071928Z

INITIATIVE IN OECD CAPITALS, BRITISH HAVE NOTED THEIR

VIEW THAT HIGH LEVEL GROUP (HLG) OF OECD OIL COMMITTEE PROVIDES APPROPRIATE VEHICLE FOR FORMALLY INITIATING EAG. FCO EXPECTS EC WILL BE UNABLE TO PLAY PROMINENT ROLE IN EAG EXERCISE (ALTHOUGH COMMISSION MIGHT REPRESENT SMALLER MEMBERS' INTERESTS ON HLG), INTIMATING FRENCH POSTURE MIGHT BE SERIOUS OBSTACLE. BRITISH ARE PESSIMISTIC ABOUT CHANCES FOR ROLLBACK OF OPEC PRICE INCREASE BUT DO HOPE TO CONVINCE PRODUCERS HIGHER PRICES SHOULD TAKE EFFECT GRADUALLY. BRITISH WONDER ABOUT POSSIBILITY OF DEVELOPED CONSUMERS LINING UP SUPPORT OF LDCS, WHO WILL SUFFER WORST EFFECTS OF HIGHER OIL PRICES, IN DEALING WITH PRODUCERS ON THIS ISSUE. BRITISH SPECULATE THAT UNLESS EAG IS DIVIDED INTO SMALLER SUB GROUPINGS TO HANDLE SPECIFIC QUESTIONS, IT MIGHT DEGENERATE INTO UNCTAD TYPE EXERCISE. BRITISH ARE MORE RELAXED ABOUT FLOW OF OIL SUPPLIES NOW THAT CUTBACKS BY ARAB PRODUCERS REDUCED. FCO EXPECTS ALL COUNTRIES WILL PROBE FOR ALTERNATIVE OIL SUPPLY SOURCES OVER SHORT TERM DESPITE DESIRABILITY OF COMMON POLICIES. END SUMMARY.

1. IN CALL ON OLIVER WRIGHT (DEPUTY UNDER SECRETARY, FCO, IN CHARGE OF EUROPEAN COMMUNITY AND ECONOMIC AFFAIRS), ECONMIN ASKED HOW THINKING HAD EVOLVED ON EAG. WRIGHT SAID HMG STRONGLY BELIEVES THAT ENERGY PROBLEM SHOULD BE TACKLED WITH MAXIMUM USE OF OECD FORUM, WHICH INCLUDES US, EUROPE AND JAPAN. HE SAID SECRETARIAT WAS CAPABLE OF FIRST CLASS WORK AND REFERRED TO ASSESSMENT REPORTED OECD PARIS 33904. ALSO, OECD WAS ORGANIZATION WHICH WAS BEST SET UP TO STUDY RELATED QUESTIONS, SUCH AS ECONOMIC EFFECTS OF OIL SUPPLY SHORTAGES OR TO PLAN FOR COMMON APPROACHES TO PROPOSALS FOR CHANNELING EXCESS MONEY INTO INVESTMENT. WRIGHT THOUGHT TIME WAS SHORT AND NO EUROPEAN COMMUNITY POSITION COULD BE ARRIVED AT FAST ENOUGH TO ALLOW EC TO PLAY PROMINENT ROLE IN EAG EXERCISE. HE ALSO INTIMATED FRENCH MIGHT BE SERIOUS OBSTACLE TO PROGRESS IN EC CONTEXT.

2. WRIGHT SAID BRITISH HAVE INSTRUCTED THEIR MISSIONS IN ALL OPEC COUNTRIES TO COORDINATE WITH US IN POINTING

CONFIDENTIAL

PAGE 03 LONDON 00244 01 OF 02 071928Z

OUT EVIL EFFECTS OF EXCESSIVELY HIGH OIL PRICES ON ENTIRE GDS
SOHM

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 LONDON 00244 02 OF 02 071928Z

50

ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 NEA-10 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 EB-11 COME-00 INT-08 SCEM-02 SCI-06

OMB-01 TRSE-00 CIEP-02 DRC-01 AF-10 IO-14 /179 W
----- 035465

R 071905Z JAN 74

FM AMEMBASSY LONDON
TO SECSTATE WASHDC 6866
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LUXEMBOURG
AMEMBASSY OSLO
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
AMEMBASSY TOKYO
USMISSION EC BRUSSELS
USMISSION NATO BRUSSELS
USMISSION OECD PARIS

C O N F I D E N T I A L SECTION 02 OF 02 LONDON 00244

WORLD ECONOMY. HE OBSERVED IT PROBABLY WOULD BE IMPOSSIBLE TO ACHIEVE ROLLBACK OF LATEST OPEC PRICE INCREASES, BUT WE MIGHT CONVINCE PRODUCERS THAT NEW PRICES SHOULD BE PUT INTO EFFECT IN STAGES. WRIGHT NOTED THAT WORST EFFECTS OF HIGHER OIL PRICES WOULD BE ON LDGS. HE ASKED WHETHER WE HAVE THOUGHT THROUGH IDEA OF IIING UP HAVE-NOT LDGS TO SUPPORT DEVELOPED CONSUMERS POSITION ON THIS ISSUE.

3. IN DISCUSSING POSSIBLE BILATERAL OIL DEALS WITH
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LONDON 00244 02 OF 02 071928Z

PRODUCER STATES, WRIGHT VOLUNTEERED THAT PICTURE WAS UNCLEAR. WHEREAS COMMON POLICIES ARE DESIRABLE, ALL COUNTRIES WILL BE PROBING FOR ALTERNATIVE SOURCES OF OIL SUPPLIES OVER SHORT TERM. WRIGHT DISMISSED RECENT PRESS STORIES ABOUT HMG CONSIDERING NORTH SEA OIL TO BE BRITISH AND NOT COMING UNDER EC REGULATION. HE SAID EC WILL HAVE COMMON POSITION ON ENERGY BY TIME OIL STARTS FLOWING AND PRESS COMMENTARY WAS UNREALISTIC. UK WILL RECEIVE TAXES AND FOREIGN EXCHANGE BENEFITS FROM PETROLEUM SALES BUT UNDER ROME TREATY HMG CANNOT LEGALLY RESTRICT MOVEMENT WITHIN EC TERRITORY.

4. WRIGHT CONCLUDED THAT OIL SITUATION WAS BETTER NOW THAN DURING PAST FEW MONTHS. WHILE BEFORE HOLIDAYS PROBLEM HAD BEEN ONE OF ADEQUATE SUPPLY AND CONSEQUENT DANGER OF STOPPAGE OF ECONOMY, NOW AT LEAST NECESSARY MINIMUM FLOW OF OIL SUPPLIES SEEMS ASSURED. CURRENT QUESTION WAS ONE OF COST; EFFECT OF HIGHER PRICES ON BOTH DEVELOPED AND ESPECIALLY DEVELOPING COUNTRIES, AMOUNTS OF MONEY TO BE LET LOOSE IN WORLD AND WHAT IS TO BE DONE ABOUT IT.

5. IN SEPARATE CONVERSATION WITH ENERGY ATTACHE, JOCK TAYLOR (ASSISTANT SECRETARY, FCO, IN CHARGE OF ENERGY AFFAIRS) SAID HMG HAD REQUESTED ITS MISSIONS IN OECD CAPITALS TO SUPPORT KISSINGER INITIATIVE WHILE NOTING UK BELIEF THAT MACHINERY OF HIGH LEVEL GROUP (HLG) OF OECD OIL COMMITTEE SHOULD BE USED TO SET EAG IN MOTION. TAYLOR HAD NO FIRM IDEAS HOWEVER ON HOW TO FOLLOW UP INITIAL HLG MEETING WHICH COULD BE AT FOREIGN MINISTER LEVEL. HE SUGGESTED SUB GROUPINGS OF, FOR EXAMPLE, INDEPENDENT EXPERTS OR WISEMEN WHO MIGHT HANDLE ASPECTS OF EAG WORK SUCH AS COOPERATIVE R & D ON ALTERNATE ENERGY SOURCES WHILE GOVERNMENT OFFICIALS WOULD DEAL SEPARATELY WITH MORE IMMEDIATE PRODUCER AND CONSUMER STATES PROBLEMS SUCH AS PRICES.

6. TAYLOR SPECULATED THAT LARGER CONSUMER-PRODUCER FORUM MIGHT DEGENERATE INTO UNCTAD TYPE FORUM AS KUWAITIS ARE ALREADY TALKING ABOUT. HE WONDERED IF EAG MIGHT AGREE AFTER GUIDELINES SET IN INITIAL MEETING TO SELECTING ONE OR TWO REPRESENTATIVES FOR EACH MAJOR
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LONDON 00244 02 OF 02 071928Z

CATEGORY OF PARTICIPANT - DCS, HAVE-NOT LDCS AND PRODUCERS - WHO WOULD DO ACTUAL WORK AND THEN REPORT BACK TO LARGER GROUP.

7. IN RESPONSE TO QUERY ABOUT FRENCH ATTITUDES, TAYLOR ALSO OPINED EAG WAS APT TO BOG DOWN IF EC WERE EXPECTED

TO PLAY PROMINENT ROLE. CHOICE OF OECD FORUM FOR AT
LEAST KICK-OFF OF EAG LINKS UP WITH LANGUAGE OF
COPENHAGEN SUMMIT DECLARATION AND MINIMIZES CHANCES OF
FRENCH BECOMING SERIOUS OBSTACLE TO PROGRESS. AT SAME
TIME EC COMMISSION PRESENCE ON HLG COULD SATISFY DESIRE
FOR PARTICIPATION IN EAG OF SMALLER EC MEMBERS. SOHM

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENT DRAFT, PETROLEUM, PETROLEUM PRODUCTS, SUPPLIES, LESS DEVELOPED COUNTRIES, MEETINGS, INTERNATIONAL ORGANIZATIONS, NEGOTIATIONS, PRICES, EMERGENCY PLANNING
Control Number: n/a
Copy: SINGLE
Draft Date: 07 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LONDON00244
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740159/aaaacdni.tel
Line Count: 229
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: LONDON 15015, OECD PARIS 33904
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 19 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19-Jul-2001 by boyleja>; APPROVED <20 MAR 2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BRITISH VIEWS ON SECRETARY'S PROPOSAL FOR ENERGY ACTION GROUP
TAGS: ENRG, UK, XX, US, OECD, EC, EAG
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005